

**Water Resources Commission
Meeting
Corvallis, Oregon
November 14, 2013**

WRC Present

John Roberts, Chair
Ray Williams, Vice Chair
Bob Baumgartner
Jeanne LeJeune
Carol Whipple
Bruce Corn
Dennis Doherty

Staff Present

Phil Ward
Racquel Rancier
Doug Woodcock
Dwight French
Tracy Louden
Cindy Smith
Brenda Bateman
Scott White
Jon Unger
Alyssa Mucken

Others

Kimberley Priestley
President Ed Ray
Dean Dan Arp
Dr. Mary Santelmann
Lynette deSilva
Dr. Lisa Gaines
Caroline Nash
Andrew Wentworth
Kim Ogren
Dr. Phil Mote

Written material submitted at this meeting is part of the official record and on file at the Oregon Water Resources Department, 725 Summer St. NE, Salem, Oregon 97301-1271. Audiotapes of the meeting are on file at the same address. Staff reports and PowerPoint presentations are available on the Department's website.

Chair Roberts welcomed everyone to the meeting and introduced the three newest Commissioners, Bob Baumgartner from Tigard, Bruce Corn from Ontario, and Dennis Doherty from Hermiston.

A. Welcome and Oregon State's University Strategic Direction

Chair Roberts introduced Oregon State University's President, Dr. Ed Ray. President Ray spoke about Oregon State University's (OSU) strategic direction and the role of natural resources programs. OSU focuses on promoting prosperity and well-being across the state. Since natural resources are important to Oregon's communities, and drives much of what OSU does. OSU provides objective, cutting edge and scientifically valid information to policy makers, decision makers, businesses and government officials.

President Ray commented that the University's Strategic Plan will be released in Winter 2013. It is built around OSU's research assets, needs of Oregon and the world, and focuses on healthy people, economies and environment.

OSU's commitment to natural resource sustainability is reflected in the University's strategic plan and the investments that they make. President Ray noted that collaboration and an interdisciplinary approach are essential in everything OSU does.

B. Overview of the Oregon Agricultural Experiment Station and College of Agricultural Science Programs

Dr. Dan Arp, Dean of the College of Agricultural Sciences and Director of the Oregon Agricultural Experiment Station, discussed the College and the Experiment Station's interests and activities related to water.

Dr. Arp stated that the College of Agricultural Sciences uses soils, sunlight, air, and water to produce plants that are then used for food, fiber and fuel.

The College of Agricultural Sciences includes several departments: crop and soil science; body and plant pathology; horticulture; animal and rangeland sciences; environmental and molecular toxicology; fisheries and wildlife; applied economics; food science and technology; biological and ecological engineering.

The college also has 15 experiment stations across the state, each in a different region and climatic zone.

C. Panel on Water-Related Resources and Programs at Oregon State University

Dr. Lisa Gaines, Director of the Institute for Natural Resources (INR), provided information on resources available through INR and the Institute for Water and Watersheds.

Dr. Mary Santelmann, Associate Professor, Oregon Water Resource Graduate Program, provided an overview of the degrees offered through the program.

Lynette deSilva, Director of the Program in Water Conflict Management and Transformation, provided an overview of the components of the program.

D. Overview of the Oregon State University Hydrophiles Student Club

Caroline Nash, President, Andrew Wentworth, Vice-President, and Kim Ogren, former President, discussed the club's activities and role within the water community.

E. Update on the Climate Change Assessment Report

Dr. Phil Mote, Director of Oregon's Climate Change Institute gave an update on the recent release of the Climate Change Assessment Report.

F. Update on Water Conservation, Reuse and Storage Grant Program

Tracy Loudon, Administrative Services Administrator, gave an update on the Water Conservation, Reuse and Storage Grant Program (WCRS), established by Senate Bill 1069 in 2008. It funds the qualifying costs of planning studies that evaluate the feasibility of developing water conservation, reuse or storage projects.

The program has awarded over \$2.4 million to 39 grantees since 2008. Technical reports from 36 of these grants have been submitted and approved.

The legislature approved continuation of this grant program with \$750,000 for the 2013-15 biennium. The Department will report at the March 2014 meeting on the applications received and recommended grant awards.

G. Update on the Columbia River Treaty

Alyssa Mucken, IWRS Program Coordinator, gave an update on the Columbia River Treaty 2014/2024 review. The purpose of the review is to enable the United States and the regional sovereigns to make an informed recommendation to the U.S. Department of State to continue, terminate, or renegotiate the Treaty.

Implementation of the Columbia River Treaty has provided significant flood control and hydroelectric power benefits, while fostering economic growth in Canada and the United States. Since the Treaty was signed, however, circumstances and interests in both countries have changed. Climate change is likely to significantly alter the basin's hydrology. In addition, there is an interest in managing the river more holistically, with consideration for fish and wildlife, recreation, cultural resources, water supply, water quality, and navigation. The Columbia River Treaty 2014/2024 Review Process seeks to assess the current Treaty and identify recommendations that address today's circumstances and interests.

Over the last several years, the U.S. Entity (Bonneville Power Administration and the U.S. Army Corps of Engineers) has engaged northwestern states, tribal governments, federal agencies and the public in the Columbia River Treaty Review Process. On September 20, 2013, the Draft Regional Recommendation was released by the U.S. Entity. Mucken provided an overview of the contents of the Draft Regional Recommendation, which sets out goals and principles for modernizing the treaty, as well as specific recommendations related to ecosystem based function, hydropower, flood risk management, water supply, navigation, climate change, and domestic matters.

The State of Oregon, through the Office of the Governor and several state agencies, has been actively involved in the Columbia River Treaty 2014/2024 Review Process, at both the technical and policy levels. The state remains fully committed to playing an active role in the Treaty Review Process.

H. Similkameen Project

Tracy Louden, Administrative Services Administrator, and Jon Unger, Water Supply Development Coordinator, informed the Commission of potential opportunity for the state to participate in a coordinated storage project to bring new water supply through the Columbia River during summer irrigation months, providing summer flows and mitigation water for Oregon irrigators.

The states of Oregon and Washington have been approached by FORTIS, Inc., a Canadian utility company, with an offer to participate in a hydroelectric project that could store water for use in Oregon and Washington on the Similkameen River.

The headwaters of the Similkameen River originate in the south central part of British Columbia, Canada. The river crosses into Washington, where it flows into the Okanogan River, which flows into the Columbia River before reaching Oregon.

A 2009 study conducted by a regional stakeholder group found that potential benefits from a storage project and hydroelectric facility could include flood reduction in the Similkameen Basin, and increased summer flows as well as improved water quality and increased flows in the lower Similkameen River.

FORTIS is working with the Province of British Columbia to obtain the investigative permit to access land parcels to conduct technical and environmental studies to evaluate the viability of the project.

The Water Resources Department has been working with the Governor's Office to determine the steps necessary for Oregon to participate in this project. Discussions have occurred with local stakeholder groups, legislators from the Washington Department of Ecology, Oregon State Treasury, and the Oregon Department of Justice.

I. Update on Klamath Basin

Doug Woodcock, Field Services Administrator, Dwight French, Water Right Services Administrator, and Scott White, Watermaster District 17, gave an update on the Adjudication, 2013 regulation season and settlement negotiations.

Adjudication

The Findings of Fact and Order of Determination (FFOD) in the Klamath Basin Adjudication were filed with the Klamath County Circuit Court on March 7, 2013. Four petitions were filed to stay the FFOD, three of which were denied by the Circuit Court; the remaining stay was withdrawn. Additional petitions for stay can still be filed in the future; however, the correct size of the bond has not been determined by the court.

Regulation

In times of water shortage, a call by a senior water right holder results in the Watermaster validating the call and then regulating off upstream junior water users. On June 10, 2013, the Klamath Tribes made calls on instream rights above Klamath Lake dating back to time immemorial. Klamath Project irrigation districts and the U. S. Bureau of Reclamation made a coordinated call on inflow water to the lake with a priority date of 1905. After validating the calls, the Watermaster and assistants began regulation of surface water on June 12, 2013.

The extremely dry year in the Klamath Basin resulted in streamflows in the 30th – 50th percentiles of normal. In the Upper Klamath Basin, the senior most water right holders are the Klamath Tribes who hold determined claims for instream flows with a priority date of *time immemorial*.

Due to very low surface water flows, almost all water diversions above the mouth of the Williamson River, including the Sprague and Sycan rivers, were regulated off to meet the instream flows. Due to a Drought Declaration, water in the Klamath Basin used for stock and human consumption were prioritized by the Commission in July 2013 and these uses were allowed to be exercised. Since the instream right was not met, water users remained off through the viable irrigation season. Cold weather and rain in the latter half of September diminished demand for diverting water and essentially ended the irrigation season.

Regulation in the Klamath Basin during the 2013 irrigation season was a challenge, as this was the first regulation after delivery of the FFOD, which was further compounded by drought conditions. The irrigator's cooperation with the regulation orders generally made for a calm and composed process; there were few overt hostilities aimed at the Watermaster. The irrigators' willingness to work with the Watermaster was greatly appreciated this year.

Department staff are working on the next water management challenge in the basin: how a call for regulation of surface water affects existing groundwater uses. Oregon is a conjunctive management state and groundwater is managed for the protection of the resource and senior rights, be they groundwater or surface water. There is much local interest in the regulation of groundwater in the Klamath Basin, with voices expressed both for and against.

Settlement

A Klamath Basin Task Force was formed following a congressional hearing conducted by Senator Ron Wyden on June 20, 2013. The purpose of the Task Force is to develop a list of issues facing the Klamath Basin and a settlement proposal. The Task Force created three sub-groups to address funding, power and water. Reports with recommendations have been presented to the full Task Force from the Funding and Power Subgroups. The Water Subgroup continues to meet.

The settlement efforts are being viewed as a national model for solving complex water issues. The goal is to maintain a sustainable agricultural base while delivering treaty rights associated with hunting, fishing and gathering. This effort is further complicated by challenging environmental issues associated with the Endangered Species Act.

The full Task Force will meet one more time to receive recommendations from the Water Subgroup. The Water Subgroup is working on an agreement in principle, which will address both a long-term agreement and interim measures.

The Department will continue to update the Commission on the progress of the adjudication proceedings and settlement efforts in the future.

There being no further business, the meeting was adjourned.

Respectfully,

Cindy Smith
Executive Assistant

Water Resources Commission
Meeting
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November 15, 2013

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Steve Mason

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Chair Roberts called the meeting to order.

J. Approval of Minutes

The minutes of the August 8 and 9, 2013 meeting were offered to the Commission for consideration.

Commissioner Williams moved to approve the August 8 and 9, 2013 minutes as submitted; seconded by Commissioner Doherty. Voting for the motion: Commissioners Roberts, LeJeune, Whipple, Corn, Doherty, Williams and Baumgartner. Voting against the motion, none.

K. Commission Comments

Commissioner Williams reported that he had been busy farming since the last meeting. He also has been working on the development of a Columbia River Exchange from the Columbia Mainstem into the Walla Walla Basin. It is a long-term task, but some progress is being made.

Commissioner LeJeune reported that water supply issues continue to be a big deal in the Portland area, as the population is nearly 2 million. She also noted that she enjoyed the previous day's information and the evening presentation. She commented that it is important to stay current on information about what is going on with regards to drought conditions and climate change so that these policy issues continue to be considered in the implementation of the strategy. LeJeune also stated that the Environmental Quality Commission (EQC) and the Board of Forestry (BOF) have developed a commission liaison role. She asked if this was something that the WRC should consider. She also noted that it is important to continue to address the funding issues for the Department and work with the stakeholders to come up with some long-term solutions that work.

Commissioner Whipple said that she looks forward to working with the new Commissioners. She noted that water issues are not big in her area, but rural issues are. She echoed Commissioner LeJeune's comments about the previous day's presentations and felt they were really valuable.

Commissioner Baumgartner thanked everyone for welcoming him to the Commission. He commented on the important role that water supply has in both supporting the economy and environment. He is working with different groups to establish a tracking program to offset water temperature. He has also been working more broadly with a couple of national organizations to utilize integrated planning to leverage waste water treatment programs to help address water supply and environmental needs. He said that the IWRS is the best document he has seen and was impressed that it sets out a road map for moving toward more integrated planning in the future.

Commissioner Doherty reported that he is still attending meetings with the Columbia River Umatilla Solutions Team, and is following the tribal water rights negotiations. He reported that the Umatilla Basin Water Commission is in the process of moving towards dissolution and will be replaced by a broader policy group called the Northeast Oregon Water Association. He wants to continue to follow the Similkameen Project, Columbia River Treaty and SB 839, as these could have significant implications for the area he represents. He commented that he is thrilled to be a part of the Commission. He also suggested that, with regards to the Strategy, maybe the Commission could touch basis with other state agencies every year or two and express our appreciation for their role in the process.

Commissioner Corn commented on how impressed he is with how the Commission works together to identify solutions, especially since each Commissioner's region has a different set of issues. He noted that the previous day's presentations were very informative. He also said that his basin is in its second year of a severe drought. It is important to build coalitions and work with natural resource agencies to understand each others' problems and develop cost effective solutions. As technology changes, we need to look more at what we can accomplish with what we have, rather than asking for more money.

Commissioner Roberts said that he toured the Klamath area with Watermaster Scott White and the Medford area with Larry Menteer, Southwest Region Manager. He encouraged other Commissioners to do the same in their area. He and Director Ward met with Representative Buckley and Representative Esquivel on October 30 in regards to the IWRS. He also said that he is interested in having the Commission and other sister agencies move forward on implementation of the IWRS. He said that there needs to be a focus on storage and that he would like a report at the next meeting regarding current and potential storage areas. He also said that having worked on identifying alternate funding sources for the Department, he hopes that Richard Whitman from the Governor's Office will focus on Department funding after the Klamath issues are settled. He asked if Commissioner LeJeune would continue to look at the possibility of creating a liaison position with other Commissions and report back at the next meeting.

Commissioner LeJeune stated that the Governor recently appointed Commissioner Roberts as Chair of the Commission, and congratulated him on his appointment.

L. Approval of 2014 Water Resources Commission Schedule

The Commission was asked to approve the 2014 Water Resources Commission Schedule.

Commissioner Williams made a motion to approve the 2014 Water Resources Commission Schedule, seconded by Commissioner Corn. Voting for the motion, Commissioners Williams, Roberts, LeJeune, Whipple, Baumgartner, Doherty and Corn. Voting against the motion, none.

M. Director's Report

Director Phil Ward reviewed the Director's Report with the Commission and responded to comments and questions.

Ward discussed the potential opportunity to identify a liaison Commissioner to work with other sister Commissions. He said that the Department of Environmental Quality is interested in having a liaison with our Commission, and encouraged the Commission to think about the opportunity. Director Ward said that staff would come back at the next meeting with a report and a recommendation.

N. Legislative Update – SB 839 Update (2013 Session) and 2014 Session Preview

Brenda Bateman, Technical Services Administrator and Racquel Rancier, Senior Policy Coordinator gave an update on implementation of SB 839 and a preview of the 2014 Legislative Session.

SB 839 Update

The 2013 Oregon Legislature approved Senate Bill 839 and related funding of \$10.2 million, representing an important step in the implementation of Oregon's Integrated Water Resources Strategy. The Strategy contains a number of recommended actions aimed at: authorizing and funding a water supply development program, improving access to built storage, and determining and protecting flows needed to support instream needs. Senate Bill 839 incorporates all of these concepts.

Senate Bill 839 creates a task force to develop a recommended methodology for determining seasonally varying flow requirements for certain publicly funded water storage projects. The bill notes the importance of developing new water storage projects that are financially feasible, and that new water storage will not be appropriate or feasible in many locations.

A science subgroup will make recommendations for determining the functional needs for seasonally varying flows, given the biological, ecological, and physical functions in watersheds during periods of water storage. An economic subgroup will consider the financial feasibility of new water storage projects, given the practical aspects of developing and operating such projects.

The two subgroups shall report their findings and recommendations to the full task force no later than February 1, 2014.

A few members of both of these subgroups will be asked to carry their resulting reports into the full task force, which will reconcile these findings and use the results to develop recommended rules for establishing seasonally varying flows.

The full task force shall submit a report recommending a methodology for protecting seasonally varying flows to the Governor, to an interim committee of the Legislative Assembly related to natural resources, and to the Water Resources Commission no later than July 1, 2014.

The Water Resources Commission shall adopt rules to establish a methodology for use in determining seasonally varying flows. In adopting the rules, the Commission shall give consideration to adoption of the methodology described in the task force report. The Commission shall complete adoption of the rule, in time for them to take effect on January 1, 2015.

Legislative Update

The 2014 Legislative Session is scheduled from February 3 to March 9. Measure requests are limited during the short session. Measure requests were due to Legislative Counsel by November 26. The Committee membership is still underdetermined at this time.

One bill that will be of interest to the Department during the 2014 Session has to do with the requirements for well drillers to complete continuing education credits for license renewal. The requirement sunsets on January 1, 2014. The Oregon Groundwater Association is working with legislators to introduce a bill that would remove the sunset from the program.

O. Budget Update

Tracy Loudon, Administrative Services Administrator, Brenda Bateman, Technical Services Administrator, and Doug Woodcock, Field Services Administrator, gave an update on the implementation of budget packages for the 2013-15 Biennium. The Department has been filling a number of new positions due to these packages.

The next revenue forecast was scheduled for November 27, 2013.

P. Key Performance Measures

Racquel Rancier, Senior Policy Coordinator, and Brenda Bateman, Technical Services Administrator, gave an update on the results of the Department's Key Performance Measures.

The Department has 14 Key Performance Measures (KPMs) that measure performance related to: surface water restoration, protection, and measurement; groundwater monitoring; and regulatory, permitting, and outreach actions. The Department has had most of its measures in place since 2005 or earlier, which allows the Department to track progress and identify areas for improvement. It is an essential part of the Department's budget presentation to the Governor's Office and Legislature. The Department completed its most recent report on August 20, 2013, and identified several KPM's that were not trending toward the targets. Department staff have acknowledged the KPM's and outlined steps the Department can take to improve.

In addition, the 2013 Legislature made modest investments in the staff and resources to achieve these targets. As a result, the Department expects to see improvements in future KPMs. The Legislature, anticipating such improvements, has increased the Department's KPM targets accordingly.

Q. Approval of Appointments to the Groundwater Advisory Committee

Brenda Bateman, Technical Services Administrator, presented recommendations to fill three positions on the Groundwater Advisory Committee (GWAC). The nine-person citizen panel advises the Department and Commission on issues pertaining to groundwater and well construction policies.

The terms for Jim Carlton, John Messner, and Garry Zollman expire on November 30, 2013. Mr. Carlton, Mr. Messner, and Mr. Zollman are all completing their first terms. Mr. Messner is stepping down from the committee, and Mr. Carlton and Mr. Zollman would both like to serve a second term.

Including the two existing members, a total of three individuals expressed interest in filling the three vacant positions. The candidates' qualifications provide a wide range of experience. The Department recommended the appointment to second terms for Mr. Garry Zollman and Mr. Jim Carlton; and the

appointment of Mr. Chris Hyatt to replace John Messner in the environmental background category. Terms for these three members would begin on December 1, 2013 and continue through November 30, 2016.

Commissioner Williams made a motion to appoint Garry Zollman, Jim Carlton, and Chris Hyatt to GWAC terms from December 1, 2013 through November 30, 2016, seconded by Commissioner Doherty. Voting for the motion, Commissioners Williams, Roberts, LeJeune, Whipple, Baumgartner, Doherty and Corn. Voting against the motion, none.

R. WaterSMART Workshop Update

Alyssa Mucken, IWRS Program Coordinator, gave an update on the Willamette WaterSMART Study.

In March 2013, the Department submitted a proposal to participate in the U.S. Bureau of Reclamation's WaterSMART Basin Study Program. The program is designed to help water users address 21st century water supply challenges. The Department is interested in the program to support and inform the Willamette Basin Reservoir Study.

In late May, the Department was selected to complete a WaterSMART Plan of Study, with Reclamation acting as a project partner. Reclamation will contribute up to \$50,000 toward these efforts, with a required cost match (cash or in-kind) from the Department, for a total project cost up to \$100,000. Developing a Plan of Study is the first step to complete a Basin Study.

The Department worked with Reclamation to develop a Draft Plan of Study, which outlines previous work, available data, and current activities in the Willamette Basin. The Draft Plan of Study was shared with stakeholders during a workshop in late September. Stakeholders suggested developing a side-by-side comparison of the WaterSMART program and Reservoir Study requirements, along with other ongoing activities in the basin, such as Willamette Water 2100. Doing so would help evaluate how efforts fit together and potentially complement one another.

The Department will continue to work with Reclamation and stakeholders over the next several months. The Department and stakeholders will need to decide whether to pursue a Basin Study through the WaterSMART program, letters of interests will likely be due in January 2014.

S. Water for Irrigation, Streams, and Economy (WISE) Project Update

Alyssa Mucken, IWRS Program Coordinator, along with Kate Jackson, Governor's Regional Solutions Team, and Steve Mason, WISE Project Coordinator, gave an update on the project, including progress made since the last project briefing to the Water Resource Commission in August of 2008.

"Water for Irrigation, Streams, and Economy," or WISE, is a project to improve water management in the Rogue Valley. The WISE project, includes Bear Creek and Little Butte Creek, as well as the tributaries and reservoirs that serve these two watersheds. Project partners have worked to identify opportunities to increase irrigation reliability and availability, improve water quality and instream habitat, support renewed investment in agriculture, and improve recreational opportunities in the region.

In 2012, the WISE project was designated by Governor Kitzhaber as an Oregon Solutions project, resulting in several outcomes and recommendations. The 2013 Legislature approved \$1.5 million in grant funding, made available through Business Oregon, to support the WISE project.

The Bureau of Reclamation is conducting a cost-benefit analysis, which received funding through the Department's Feasibility Study Grant Program. The analysis is scheduled for completion in Fall 2013.

WISE project partners are seeking guidance from Oregon's natural resource agencies to create a more comprehensive and integrated plan. Several natural resource agencies involved in the development of the Integrated Water Resources Strategy have been invited to tour the WISE project area, scheduled for late May 2014. This represents an opportunity for the Department and its sister agencies to learn about the project's approach to integrated water resources management.

T. Public Comment

Tracy Rutten, League of Oregon Cities, congratulated the new Commissioners on their appointments to the Commission. She thanked the Commission and staff for their work.

Mark Landauer, Special Districts, welcomed the new Commissioners to the Commission. He complimented Department staff for their assistance to the Special Districts.

Director Ward thanked Mr. Landauer and Ms. Rutten for their work on the Department's fee bill during the last legislative session.

U. Other Issues

The Commissioners discussed the nomination for Vice-Chair of the Commission.

Commissioner Corn made a motion to appoint Commissioner Ray Williams to Vice-Chair of the Water Resources Commission, seconded by Commissioner LeJeune. Voting for the motion, Commissioners Williams, Roberts, LeJeune, Whipple, Baumgartner, Doherty and Corn. Voting against the motion, none.

There being no further business, the meeting was adjourned.

Respectfully Submitted,

Cindy Smith
Commission Support